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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte ALAN M. BUCKWALTER,
JOHN P. XENAKIS,
and PAVEL GOLOVINSKY

Appeal 2009-009450
Application 10/697,541
Technology Center 3600

Decided: November 10, 2009

Before MURRIEL E. CRAWFORD, HUBERT C. LORIN, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Allan M. Buckwalter, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1, 7-9, 13, 14, 20-27, 35, and 39. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.¹

THE INVENTION

The invention is directed to an apparatus and system to monitor and evaluate options limit order trading activity.

Claim 35, reproduced below, is illustrative of the subject matter on appeal.

35. An apparatus for generating quality data associated with a plurality of option limit orders, comprising:

a processor; and

a storage device in communication with said processor and storing instructions adapted to be executed by said processor to

receive a plurality of option limit orders, each of said option limit orders including information identifying a respective desired option, and information that indicates a respective limit price for said option limit order;

tabulate at least one of trade-through data and trade-at data for the plurality of option limit orders;

¹ Our decision will make reference to the Appellants' Appeal Brief ("Br.," filed Oct. 20, 2008) and the Examiner's Answer ("Answer," mailed Jan. 6, 2009).

tabulate fulfillment data for the plurality of option limit orders; and

compare the tabulated fulfillment data to the tabulated at least one of trade-through data and trade-at data.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Nordlicht US 2002/0194115 A1 Dec. 19, 2002
U.S. Securities and Exchange Commission; Final Rule: Disclosure of Order Execution and Routing Practices; 17 CFR Part 240; Rule 11 Act 1-5; Jan. 30, 2001. (SEC § 240.11Ac1-5).

U.S. Securities and Exchange Commission; Final Rule: Firm Quote and Trade-Through Disclosure Rules for Options; 17 CFR Part 240; Rule 11 Act 1-7; Feb. 1, 2001. (SEC § 240.11Ac1-7).

The following rejections are before us for review:

1. Claims 1, 7-9, 13, 14, and 20-27 are rejected under 35 U.S.C. §101 as being directed to nonstatutory subject matter.
2. Claims 1, 7-9, 13, 14, 20-27, 35, and 39 are rejected under 35 U.S.C. §103(a) as being unpatentable over Nordlicht, SEC § 240.11Ac1-5, and SEC § 240.11Ac1-7.

DISPOSITION OF THE APPEAL

The Examiner entered a new ground of rejection in the Examiner's Answer against claims 1, 7-9, 13, 14, and 20-27 under 35 U.S.C. §101 as being directed to nonstatutory subject matter. Answer 2-3. The Examiner properly gave notice of the new ground of rejection (Answer 16) and the

Technology Center Director approved it. Answer 17. As the Answer indicated (Answer 16), the Appellants were required to respond to the new ground within two months in either of two ways: 1) reopen prosecution (*see* 37 CFR 41.39(a)(2)(b)(1)); or 2) maintain the appeal by filing a reply brief as set forth in 37 CFR 41.41 (*see* 37 CFR 41.39(a)(2)(b)(2)), “to avoid *sua sponte* dismissal of the appeal as to the claims subject to the new ground of rejection.” Answer 16. According to the record before us, neither option appears to have been exercised.

Accordingly, the appeal as to claims 1, 7-9, 13, 14, and 20-27, subject to the new ground of rejection under §101 as being directed to nonstatutory subject matter stands dismissed.

Upon return of the application to the Examiner, the Examiner should (1) cancel claims 1, 7-9, 13, 14, and 20-27 subject to the new ground of rejection and (2) notify the Appellants that the appeal as to claims 1, 7-9, 13, 14, and 20-27, subject to the new ground of rejection under §101, as being directed to nonstatutory subject matter, is dismissed and claims 1, 7-9, 13, 14, and 20-27 are cancelled. *See* Manual of Patent Examining Procedure (MPEP) § 1207.03, 8th ed., Rev. 7, Jul. 2008.

Given that the appeal as to claims 1, 7-9, 13, 14, and 20-27 stands dismissed, the rejections before us for review are reduced to as follows:

1. Claims 35 and 39 are rejected under 35 U.S.C. §103(a) as being unpatentable over Nordlicht, SEC § 240.11Ac1-5, and SEC § 240.11Ac1-7.

ISSUE

The issue is whether the Appellants have shown that the Examiner erred in rejecting claims 35 and 39 under 35 U.S.C. §103(a) as being

unpatentable over Nordlicht, SEC § 240.11Ac1-5, and SEC § 240.11Ac1-7.

FINDINGS OF FACT

We rely on the Examiner's factual findings stated in the Answer (Answer 5-15) and Final Office Action (2-9).

PRINCIPLES OF LAW

Obviousness

Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'

KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." *Graham*, 383 U.S. at 17-18.

ANALYSIS

We will affirm the rejection of claims 35 and 39 because the

Appellants have not shown error in the rejection of these apparatus claims. The discussion in the Brief (11-12) is solely directed to the rejection of claim 20, whose appeal has not only been dismissed (see above) but which is a method claim.

While it is true the Examiner rejected claims 35 and 39 “using the same art rationale in the rejection of claim 20” (Answer 10) because “[c]laims 35 and 39 recited similar limitation to claim 20” (Answer 10), in fact method claim 20 and claims 35 and 39 are not the same. Arguments that might apply in challenging a *prima facie* case of obviousness of a method claim may not be apply to an apparatus claim. *Cf., e.g., Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1468 (Fed. Cir. 1990) (“[A]pparatus claims cover what a device is, not what a device does. An invention need not operate differently than the prior art to be patentable, but need only be different.”) That is the case here.

The issue with respect to claim 35 is whether one of ordinary skill in the art, given Nordlicht, SEC § 240.11Ac1-5, and SEC § 240.11Ac1-7, would have been led to an apparatus comprising (1) a processor and (2) a storage device in communication with said processor and storing instructions adapted to be executed by said processor to receive, tabulate, and compare information. The Appellants do not address that issue. The Brief focuses on trade-throughs. Br. 11. But claim 35 refers to trade-throughs (and trade-ats) only in the context of the *type* of data to which the comparing instructions are directed. In that context, the trade-throughs (and trade-ats) are a particular informational content that is carried by the data being processed. In that context, the trade-throughs, per se, represent nonfunctional descriptive material but nonfunctional descriptive material cannot render

nonobvious an invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983) (when descriptive material is not functionally related to the substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability).

The Appellants also argue that the Examiner cited passages in Nordlicht for the comparing step (*see* Answer 8) that do not in fact disclose any comparing. Br. 11-12. The Examiner responded by citing other passages in Nordlicht (Answer 12) and these passages do appear to disclose comparing. *See e.g.*, [0058] (“Then, the market server may *compare* both the best bid/best ask and the Firm for any one offer.”) “It is well settled that a prior art reference is relevant for all that it teaches to those of ordinary skill in the art.” *In re Fritch*, 972 F.2d 1260, 1264 (Fed. Cir. 1992).

Re claim 39, it is indisputably in means-plus-function format. Therefore, this claim must be construed in accordance with the sixth paragraph of 35 USC §112. Giving that construction to claim 39 means the issue with respect to claim 39 is whether the cited prior art discloses the particular structures recited in the Specification corresponding to the functions recited in the means-plus-function clauses of the claim, or equivalents thereof. The Appellants’ discussion (*see above*) about trade-throughs and comparing types of tabulated data do not address that issue. “It is firmly established in our precedent that a structural analysis is required when means-plus-function limitations are at issue; a functional analysis alone will not suffice.” *Fresenius USA Inc. v. Baxter International Inc.*, 582 F.3d 1288, 1299 (Fed. Cir. 2009) (citing *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1361 (Fed. Cir. 2001) (Michel, J., dissenting) (“Of course, in

the context of a means-plus-function claim, the invalidating prior art must disclose not simply a means for achieving the desired function, but rather the *particular structure* recited in the written description corresponding to that function, or an equivalent thereof. *In re Donaldson Co., Inc.*, 16 F.3d 1189, 1193, 29 USPQ2d 1845, 1849 (Fed. Cir. 1994).” (Emphasis original.)).

The Appellants have failed to point out the differences between the claimed subject matter and the combined prior art as well as to explain why, notwithstanding the Examiner’s position, those differences would have rendered the claimed apparatuses nonobvious over that of the combined prior art to one of ordinary skill in the art.

CONCLUSIONS

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 35 and 39 under 35 U.S.C. §103(a) as being unpatentable over Nordlicht, SEC § 240.11Ac1-5, and SEC § 240.11Ac1-7.

DECISION

The decision of the Examiner to reject claims 35 and 39 is affirmed.

AFFIRMED

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